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SHANGHAI INDUSTRY SEEKS NEW BASES

Shanghai industry is now in dire straits, but is in the process of a change worthy of the people's attention. For example, cotton mills have already received goods from North and Northeast China and supplies are constantly increasing. Min-feng and other paper plants are shipping cigarette paper to North China. Recently, prices have risen in Peiping and Tientsin, which brings them to about the same level as the Shanghai market, so that trade between the two areas has increased in both directions.

Many Shanghai businessmen have been scanning the northern areas and contracting for shipment of goods. The United Association of Manufacturers is planning an exposition in Peiping, Tientsin, and Mukden. Liberated areas and North and Northeast China districts are sending grain, fuels, and agricultural raw material, as aid to Shanghai: soybeans, grains, and rice from Northeast China; unhulled rice, wheat, yellow soybeans, and tobacco from North Anhwei; seeds from Wu-hu; food oils from North Kiangsu; cotton from Hankow in Hopeh; and coal from the mines of East China and Huai-nan.

There is a strong interdependence between Shanghai and the liberated areas. Plants formerly dependent on foreign raw materials or markets now aim at the domestic market. The Agricultural Machinery Company plans to shift production from Diesel engines to engines using vegetable oil. Ways are being devised to make medicines, chemicals, electrical equipment, etc. The American imperialist blockade gives our domestic industries a chance to do research and expand. All industry is moving toward cooperation, and away from the blind production and competition of former times.

In the Shanghai iron, steel, and machinery industries, the most essential imports in the past have been silicon steel sheets, fire-resistant materials (magnesium tile and chrome tile), and Diesel oil. Since the liberation, the China Agricultural Machinery Company has made arrangements to convert their furnaces from Diesel oil to coal. The Shanghai Iron and Steel Company is already using marble as a substitute for magnesium tile and chrome tile, and it is no less effective. The Northeast and Shanghai industries have begun research on silicon steel and plate steel, etc.

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At An-shan, steel plate is in production, but not up to standards. After continued study, it will probably be possible to raise the quality of the product. At present, there is no great need for these materials in Shanghai heavy industry, and the supply now in stock will serve present demands adequately.

In the chemical industries it is said that really indispensable imported materials are not at all scarce; the only thing which cannot be produced domestically is rubber. Synthetic rubber is already in experimental production in Northeast China. In addition to the ample supply stored at Shanghai, old rubber tires can be reclaimed. To relieve the comparatively severe gasoline crisis, the chemical industries are preparing to push the alcohol industry of the Southeast to greater production in 1949.

Since the North Kiang-su farming families need fertilizer, they raise pigs; since they must feed the pigs, they consequently are eager for the establishment of the alcohol industry. /i.e. alcohol from potatoes; residue of potatoes feeds pigs; fertilizer from pigs/

As far as drugs are concerned, a number of drugs imported from the West were originally made abroad from Chinese raw materials, then shipped back to China. In the future, drugs of this type can be made in China and there is no special problem outside of initial difficulties arising from production costs or techniques. For other items, such as soap, substitute products have already been found within the framework of domestic production.

Shanghai is capable of manufacturing its own wool and cotton spinning and weaving machinery; the only thing lacking is raw cotton. This commerce will ultimately turn to the Northwest, North, and Central China cotton-producing areas, and to the supply of foreign cotton recently imported at Hong Kong. According to estimates in Shanghai, private yarn plants have a little over one month's supply, while China Textiles Industry has about 2 months' supply left. Among the other industries, most of which lean heavily upon agricultural side-industries, fewer and fewer are dependent on foreign goods.

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